

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION JOINT APPROPRIATIONS SUBCOMMITTEE ON EDUCATION

Call to Order: By **CHAIRMAN JOHN WITT**, on January 26, 2001 at 8:00 A.M., in Room 102 Capitol.

ROLL CALL

Members Present:

Rep. John Witt, Chairman (R)
Sen. Ken Miller, Vice Chairman (R)
Rep. Rosalie (Rosie) Buzzas (D)
Sen. Greg Jergeson (D)
Sen. Royal Johnson (R)
Rep. Art Peterson (R)

Members Excused: None.

Members Absent: None.

Staff Present: Mark Bruno, OBPP
Amy Carlson, OBPP
Pam Joehler, Legislative Branch
Cayenna Johnson, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: Montana University System
Executive Action: None.

{Tape : 1; Side : A; Approx. Time Counter : 0}

CONTINUED HEARING FOR MONTANA STATE UNIVERSITY SYSTEM

Mr. Richard Crofts, Commissioner of Higher Education, reminded the committee they would continue with the overview started on 1/25/01 in the following PowerPoint presentation:

EXHIBIT(jeh21a01)

He gave the committee the following handouts regarding committee questions and requests from the previous hearing on 1/25/01:

EXHIBIT(jeh21a02), "Montana Student Loan Program" and

EXHIBIT(jeh21a03), "Programs at or Below Thresholds for Review".

{Tape : 1; Side : A; Approx. Time Counter : 2.0}

Mr. Rod Sundstead, Associate Commissioner of Fiscal Affairs, Office of the Commissioner of Higher Education (OCHE), began on page 18 of **Exhibit (1)** and covered the Montana University System Funding Gaps. He said across the board all MUS units are strapped in the next biennium. Some factors contributing to this are utility costs, non-resident enrollment declines, library acquisitions and vacancy savings. He stated termination pay is not covered with the General Fund and on average MUS pays \$3.6 million over the biennium in termination pay. He gave the committee a handout explaining utility cost increases entitled, "2001 Session Utility Budget Notes."

EXHIBIT(jeh21a04)

Mr. Sundstead continued that just in terms of fixed costs MUS is looking at increasing tuition from 5%-6% to make these payments. **Mr. Sundstead** recommended the committee fund the base budget needs and shortfalls rather than fund the new proposals.

{Tape : 1; Side : A; Approx. Time Counter : 28.8; 8:35 a.m.}

Ms. Pam Joehler, Legislative Fiscal Division, asked in what area MUS was borrowing money for the funding shortfall. He explained that campuses had borrowed money from the federal termination pay. **SEN. JOHNSON** complimented **Mr. Sundstead** for presenting the "overall picture" of the MUS and being forthright in the committee.

{Tape : 1; Side : B; Approx. Time Counter : 2.5; 8:48 a.m.}

Commissioner Crofts and the Board of Regents agreed with **Mr. Sundstead** in his recommendation to fund the base needs and utility shortfalls. He covered the MUS new proposals beginning on page 25 of **Exhibit (1)**.

{Tape : 1; Side : B; Approx. Time Counter : 8.9}

SEN. JERGESON asked **Commissioner Crofts** how Montana compared to neighboring states in regard to state funding for higher education. **Commissioner Crofts** explained using the following information:

EXHIBIT(jeh21a05)

Wyoming funds \$8,943 per resident student while the operating expenditures are \$13,599 per student. If the total amount was averaged only for the resident students, the amount of state support is \$12,838 per resident student. **SEN. MILLER** explained that this amount is funded by general fund, coal severance tax and a sales tax.

Commissioner Crofts finished covering the new proposals. He gave the committee some recommendations of where additional funds might be found. He stated they can reduce expenditures that reduce programs, grow the MUS budget by accessing the normal growth of the state, reallocate funds from other state agencies for higher education, increase taxes earmarked for education, or increase tuition.

{Tape : 2; Side : A; Approx. Time Counter : 0}

REP. PETERSON asked **Joyce Scott** to go over the handout showing the programs at or below the threshold (**Exhibit 3**).

{Tape : 2; Side : A; Approx. Time Counter : 3.8}

Commissioner Crofts concluded the MUS presentation with a discussion of policy issues. These included non-resident tuition fees, improving accountability measures, state support per resident student FTE, and the amount Montana is willing to invest. These can be found on page 26 of **Exhibit (1)**.

{Tape : 2; Side : A; Approx. Time Counter : 12.7}

SEN. JOHNSON asked **Richard Roehm, Board of Regents**, to explain the problem associated with non-resident tuition.

Mr. Roehm explained that with the current system non-resident students are subsidizing resident students; however, as their debt grows, Montana is not able to retain those students. He added when non-resident enrollment decreases, it is damaging to resident students. The state gets a major return from the educated youth. The Board of Regents is in a difficult situation. The system is too large to fund with current state support. At this time, the Board of Regents is not sure what to do with non-resident tuition costs. Wyoming and South Dakota are

actively recruiting the same student groups that had formerly chosen Montana; the Board of Regents needs to pursue market considerations.

{Tape : 2; Side : A; Approx. Time Counter : 20.8}

REP. PETERSON asked what steps the Board of Regents is taking to prepare students for higher education via locational access as well as preparedness. He also asked how the Board is working with the Tribal System. **Regent Roehm** responded the Board has reduced the tuition to the colleges of technology and is working actively with K-12. **Regent Roehm** continued that MUS has several programs attempting to get more Native Americans in higher education. In terms of Tribal Colleges providing a point of access to higher education for all students, there is much to be done.

SEN. MILLER asked how MUS is planning to deal with deferred maintenance since there is only enough money to deal with inflationary costs in this biennium. **Regent Roehm** answered there are a number of options. The private sector does not like to deal with deferred maintenance; they would rather fund a scholarship of some sort. The maintenance issue has been deferred for two sessions and needs a plan.

{Tape : 2; Side : A; Approx. Time Counter : 29.8}

REP. BUZZAS asked if the quality of higher education has been sacrificed due to inadequate state funding for the MUS. **Regent Roehm** explained the quality of the MUS is very high; however, the price of tuition is excluding a certain population of students. This is a long term problem that needs to be resolved.

{Tape : 2; Side : A; Approx. Time Counter : 30}

REP. PETERSON asked about the competition MUS might give to Montana's private institutions for raising funds. **Regent Roehm** explained that the Board of Regents does not spend a great deal of time searching for private funds but is trying to be more proactive in that sector.

{Tape : 2; Side : B; Approx. Time Counter : 2.6}

CHAIRMAN WITT asked for a review of the excesses in the MUS budget specifically in administration. **Regent Roehm** explained there are annual cuts in the academic programs via the Program Review shown in **Exhibit (3)**. They also work actively to consolidate administrative positions. He continued he often

complains there is not adequate staff in the office (OCHE); the present staff does the job of 2 or 3 people. The Commissioner's office does a very good job; there is very little excess, if any, in the Office of the Commissioner of Higher Education.

{Tape : 2; Side : B; Approx. Time Counter : 8.1}

The following handout is a readable version of the MUS PowerPoint presentation portion entitled "Recommendations":

EXHIBIT(jeh21a06)

PUBLIC TESTIMONY

Mr. Dustin Stewart, Associated Students MSU, Bozeman, and MSU, Great Falls, gave the committee the following handouts:

EXHIBIT(jeh21a07) "Thank you Legislators!"

EXHIBIT(jeh21a08) "Montana Tuition Assistance Program" and

EXHIBIT(jeh21a09) testimonies from various students in support of MUS budget requests.

He described the Montana Tuition Assistance Program (MTAP) which helps students who work during college and helps keep down student loan costs.

{Tape : 2; Side : B; Approx. Time Counter : 14.6}

Ms. Sarah Cobbler, Associated Students University of Montana, asked committee members to help make public education accessible and affordable and reminded committee members the social benefits of higher education cannot be measured. She asked that the committee fund the increase in state student support to \$500 per student FTE and increase state sponsored financial aid. She added that providing accessibility means providing physically accessible classrooms; several MUS campuses do not comply with the American Disabilities Act.

{Tape : 2; Side : B; Approx. Time Counter : 19}

A Student Lobbyist representing MSU, Billings and MSU, Northern, asked the committee and higher education to put more Montanans in the higher tax bracket so they can, in turn, support the committee when they retire.

Mr. Jim Smith, Montana Speech Language and Hearing Association, spoke in support of Speech Pathologists slots funded in the WICHE

program. He explained that in 1988 the School of Communication and Speech Disorders was closed and resulted in a shortage of Speech Pathologist professionals in Montana. He explained the \$72,000 funding requested for the WICHE Program would either fund the full cost of the differential of 6 students or the partial cost of the differential of more students.

{Tape : 2; Side : B; Approx. Time Counter : 25.8}

Ms. Janis Hayes-Strom, M.A., spoke in support of funding WICHE slots for Speech Pathology. Her testimony can be found in the following exhibit.

EXHIBIT(jeh21a10)

Ms. Rachel Stansbarry, Speech Pathologist, has been practicing in Montana for 13 years. She testified in support of funding additional speech pathologist slots in the WICHE program. She stated Montana has a major shortage of speech pathologists, and numerous positions go unfilled.

{Tape : 3; Side : A; Approx. Time Counter : 2}

REP. BUZZAS wondered if most practicing speech pathologists were graduates of the University of Montana program which was cut in the late 1980's.

Ms. Joyce Scott, Deputy Commissioner for Academic and Student Affairs, OCHE, informed the committee there was not a bill concerning the speech pathologists issue but that OCHE was working with the University of Wyoming to move an entire Speech Pathology program to Montana. **SEN. JERGESON** pointed out the effects in cutting the speech pathology program could be an example of possible results in cutting university programs prematurely. **Ms. Scott stated** this situation challenges the creativity of MUS to provide the needs of Montana's higher education.

Ms. Mary Anne Molineux, spoke in favor of funding the speech pathologist positions. Her testimony can be found in the following exhibit.

EXHIBIT(jeh21a11)

Ms. Inga Nelson, Montana Education Association/Montana Federation of Teachers, testified in support of funding the speech pathology slots. This program encourages Montana residents to return to Montana; they will not have large student debt and can handle the repayments with the lower Montana wages.

{Tape : 3; Side : A; Approx. Time Counter : 12}

OVERVIEW OF THE OFFICE OF COMMISSIONER OF HIGHER EDUCATION

Commissioner Crofts began the overview of the Commissioner of Higher Education (OCHE), and covered administrative costs and the "Student Assistance Program" in pages 1-2 the following exhibit.

EXHIBIT(jeh21a12)

{Tape : 3; Side : A; Approx. Time Counter : 20}

Ms. Laurie Tobol, State Certifying Officer of the WICHE/WWAMI Programs, OCHE, gave an overview of the WICHE/WWAMI/Minnesota Dental Student Assistance on page 2 of **Exhibit (12)**. She also gave the committee the following booklet describing those programs in greater detail.

EXHIBIT(jeh21a13)

{Tape : 3; Side : A; Approx. Time Counter : 25.2}

SEN. JOHNSON asked if the number of slots for these programs are market driven, and if students who participate in these programs are required to return to Montana. **Ms. Tobol** responded the students are not required to return to Montana and that these programs began in response to targeting a need for professionals in these areas. She also explained that the reduced tuition charges are 1.5 times the resident tuition.

Mr. Sundstead directed the committee to page E-82 of the LFD Budget Analysis. He explained OCHE was under the impression that during the last session language indicated 10 Veterinary slots were approved; however, due to a confusion of that language, funding was only given for 9 slots. **Mr. Sundstead** asked the committee to fund the additional slot to continue funding a total of 10 students.

{Tape : 3; Side : A; Approx. Time Counter : 31}

PUBLIC TESTIMONY

Ms. Beckie Maddocks, Pre-Veterinary Advisor, Montana State University, spoke in favor of funding the additional pre-vet slots.

Mr. Chris Gebhardt urged support of the WICHE Veterinary slots. His written testimony is a part of these minutes.

EXHIBIT(jeh21a14)

Mr. Rick Wood, Pre-Veterinary Club, MSU, spoke in favor of retaining 10 veterinary WICHE slots. In 1999, 32 students applied for the 10 veterinary slots, 11 of which had previously applied. Since 1999, of those not accepted, five have left Montana to obtain residency and one began a program in a different field. He gave the committee the following letter from the MSU Pre-Veterinary Club:

EXHIBIT(jeh21a15)

Mr. Trevor McCormick testified in support of retaining the 10 Veterinary slots and explained to the committee that 41% of all practicing Veterinarians in Montana participated in the WICHE program. His testimony can also be found in **Exhibit (14)**.

{Tape : 3; Side : B; Approx. Time Counter : 7.8}

Dr. Tia Feileg, testified as a 1999 graduate of Colorado State University and a participant in the WICHE program. She explained students wishing to receive advanced training in a Veterinary program must either move out of state to gain residency and then begin a program, or attend an out-of-state program paying non-resident tuition, or participate in the WICHE program. She explained that in 1995 when she was accepted to Colorado State University, non-resident tuition was \$28,000 per year and WICHE made it possible for her to become a veterinarian. She also testified there are many veterinary positions open in the state. However, it is difficult to attract rural area veterinarians due to the low wages offered combined with burden of school loan repayments.

{Tape : 3; Side : B; Approx. Time Counter : 12}

SEN. JERGESON addressed the additional funding on the tenth veterinary slot in the WICHE program. He stated his intent in the motion was to fund 10 slots in FY02.

{Tape : 3; Side : B; Approx. Time Counter : 17}

Commissioner Crofts spoke about the Montana Rural Incentive Program on page 3 of **Exhibit (12)**.

Ms. Arlene Parisot, Director of Workforce Development, spoke about Carl Perkins and the School to Work Program on pages 3-4 of **Exhibit (12)**.

{Tape : 3; Side : B; Approx. Time Counter : 26.5}

Regarding the Carl Perkins Act, **REP. PETERSON** asked how grants are given. **Ms. Parisot** answered the accountability and tacking for this program is cumbersome and often deters the Tribal Colleges in applying for these funds. OCHE is developing a database all Montana institutions can use to make these funds more accessible to smaller units. **SEN. JOHNSON** asked whether OCHE is an opponent or proponent of SB193. **Ms. Parisot** explained that OCHE is the requesting agency. It requests designation of OCHE as the eligible agency for administering Perkins Funds. The task force under SB393 during the 1999 session required the issue be looked at again in this session and this bill addresses those issues. **Ms. Parisot** also gave the committee the following handout regarding School to Work:

EXHIBIT (jeh21a16)

She explained that School to Work focuses on systemic change and has three basic premises: 1) school based learning, 2) work based learning, and 3) connecting activities. The administration is a collaborative effort containing a team with members from the Office of Public Instruction (OPI), OCHE, Department of Commerce, Department of Health and Human Resources (DPHHS), Governor's Office, Department of Labor and Industry, and Montana Job Training Partnership Incorporated. She explained that the program will sunset in 2002 and each year's funds will decrease until the program ends.

{Tape : 4; Side : A; Approx. Time Counter : 2.4}

SEN. JOHNSON asked what jobs will be lost when this program sunsets. **Ms. Parisot** explained if they have done their job and made an institutional change, these activities will continue after the grants have ended.

{Tape : 4; Side : A; Approx. Time Counter : 7.1}

DWIGHT D. EISENHOWER PROFESSIONAL DEVELOPMENT PROGRAM

Dr. Scott gave an overview of the Dwight D. Eisenhower Professional Development Program found of page 4 of **Exhibit (12)**.

TALENT SEARCH PROGRAM

Ms. Rene' Dubay, Educational Talent Search Director, OCHE, gave the committee an overview of the Talent Search Program.

EXHIBIT (jeh21a17)

{Tape : 4; Side : A; Approx. Time Counter : 14.2}

GEAR-UP PROGRAM

Dr. Scott gave the committee an overview of the GEAR-UP Program found on page 5-6 of **Exhibit (12)**. This program is intended to encourage students from low income families to attend higher education. She also gave the committee the following handout on the GEAR-UP program:

EXHIBIT (jeh21a18) .

In addition **Dr. Scott** gave the committee a collection of essays from an essay writing contest in Montana middle schools entitled, "Ben Clark Would Not Be Taller Than Me . . .":

EXHIBIT (jeh21a19)

{Tape : 4; Side : A; Approx. Time Counter : 20.4}

ADJOURNMENT

Adjournment: 12:00 P.M.

REP. JOHN WITT, Chairman

CAYENNA JOHNSON, Secretary

JW/CJ

EXHIBIT (jeh21aad)